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ATTORNEYS AT LAW

REFERRED
BY PENMAN
C TO SHELKO
DATE 8-1-02

☐ ACTION
☒ INFORMATION

July 30, 2002

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VIA FACSIMILE (414-273-5840) AND U.S. MAIL

Dennis Fisher
Meissner, Tierney, Fisher & Nichols SC
111 East Kilbourn Avenue
19th Floor
Milwaukee WI 53202-6633

RE: Solvay Coke Site (the "Property")

Dear Dennis:

Thank you for the opportunity to meet with you and your client, Cleveland Cliffs, on Wednesday, July 10, 2002 at the Redevelopment Authority for the City of Milwaukee. We thought the meeting resulted in a productive exchange of view points regarding our respective clients' positions on the Property. In particular, the purpose of this letter is to outline the proposal of RACM for Cliff's consideration, which could serve as a basis to resolving the dispute for at least a portion of the Property and would serve to increase the likelihood to place that portion into productive reuse in the near future. The critical elements of the City's proposal, which we generally outlined during our meeting, is as follows:

1. Cliffs will undertake demolition responsibility for buildings located on the north parcel and agrees to undertake the removal activities on the north parcel required by EPA/DNR, including but not limited to, surface tank removal and remediation of the open pit source area. Cliffs would create an escrow this summer to an amount sufficient to ensure adequate security for the performance of obligations covered by this proposal.

2. Cliffs will complete their responsible party search and share the results with the City, EPA, and DNR.

3. Cliffs Mining will conduct a comprehensive Phase II Environmental Investigation consistent with the Voluntary Party Liability Exemption (VPLE) program on the entire parcel.

4. The site may be considered to be divided into two parcels: the north and south parcels. The north parcel will consist of the portion of the site containing the buildings, and is suspected to contain the most significant sub-surface contamination. The south parcel is the area that is located south of the inlet, does not currently have structures located on it, and is suspected to contain less significant sources of sub-surface contamination.

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5. Cliffs Mining agrees to undertake closure liability for the south parcel sufficient to support mixed use development covered by development agreement executed by Cliffs and the City.

6. The City and Cliffs agree to take a two-step approach for redevelopment of the site. The City will support redevelopment of a relatively cleaner southern portion of the site.

7. Property boundaries for the combined site would still be used for achieving flexible closure under the Wisconsin groundwater cleanup flexibility standard for any contamination identified in the groundwater on the north and south parcels.

8. EPA/DNR and the parties agree that all the parties to this agreement reserve their respective legal positions on liability on the north parcel, and the fact that Cliffs agrees to undertake obligations on the south parcel should not be considered to be an admission of liability for the north parcel.

9. The City will seek grant, tax credit, and other funding sources for redevelopment on the south parcel. In addition, the City will seek brownfield grants to assist Cliffs as a funding source for a portion of the cost to meet Cliffs' site investigation and closure obligations on the south parcel.

10. Cliffs Mining and the City will cooperate to attract proposals from experienced developers for the southern parcel. Cliffs will also keep the City abreast of all tentative or proposed real estate offers associated with 311 East Greenfield Avenue.

11. The City will consider TIF funding sources for infrastructure in a City-approved redevelopment proposal for the southern parcel.

12. *The City is willing to work with EPA/DNR to make it possible for an innocent third party developer to purchase and develop the south parcel without incurring liability for any pre-existing contamination on the upland, as well as in the adjacent sediment portions of the site.*

The City believes that this is an innovative proposal which could serve to provide a productive joint partnership arrangement between the City and Cliffs to ensure that the property is put to a productive reuse as soon as practicable. In particular, the City is willing to utilize its good working relationship with EPA and DNR to accomplish the objectives of this proposal.

As you know, EPA and DNR are currently conducting assessment and NPLg scoring activities on the site, and for this reason, time is of the essence to take advantage of this unique opportunity to work cooperatively. For this reason, we need to establish a deadline for reaching a binding agreement on this proposal, to wit: August 16, 2002. Lastly, the City would still like to discuss the title issues for the property.

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Please contact the undersigned as soon as possible to determine whether the City's proposal provides a framework for an agreement by the deadline date. Thank you.

Very truly yours,

GODFREY & KAHN, S.C.



Arthur J. Harrington

AJH/alm

cc: Commissioner Julie Penman – Department of City Development
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